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C O N F I D E N T I A L SECTION 01 OF 02 CONAKRY 000479

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SENSITIVE

E.O. 12958: DECL: 03/16/2019  
TAGS: [EMIN](#) [ECON](#) [EINV](#) [PGOV](#) [PREL](#) [GV](#)  
SUBJECT: GUINEA'S LARGEST DIAMOND MINE SOLD TO CNDD MEMBER

Classified By: ECONOFF BRIANA WARNER FOR REASONS 1.4 (B) AND (D)

¶1. (C) Summary: EconOff met with Bouna Keita, the new proprietor of the largest diamond mine in Guinea and a staunch member of the CNDD, to discuss his recent mining acquisition. In the meeting, Keita detailed the opaque "bidding" process for the diamond mine and discussed his opinions about the political situation. According to Bouna, Guinea's political and economic stability is improving under Dadis, leadership. As for his mining operation, Keita may lack the capital and experience to turn it into a success. END SUMMARY.

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BACKGROUND  
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¶2. (U) The Canadian operator of Guinea's only industrial diamond mine, the Association pour la Recherche et l'Exploitation de Diamants et de l'Or (AREDOR), suspended operations in 2006 due to financial difficulties and fraud accusations. The largest diamond mine in Guinea, AREDOR employed nearly 130 local employees and 20 foreign advisors and produced approximately 32,600 carats of diamonds in 2003. The GOG officially revoked AREDOR's permit in early December ¶2008. On July 29, 2009, Bouna Keita and his Swedish partner Victor Kubiak, were awarded the concession "on order of the Head of State."

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PRESIDENTIAL CANDIDATE TO DIAMOND MOGUL  
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¶3. (C) Well known because of his highly publicized business transactions and his failed candidacy for President in 1996, Bouna formed Batax Bouna International Mining Corporation (Batax) one month after the December coup. Bouna was one of the economic operators in the country to actively support Dadis and the CNDD immediately after the coup, and has reportedly become extremely close with the CNDD president.

¶4. (C) Bouna came to the Embassy on Aug. 12 to discuss his recent diamond acquisition with EconOff. Upon arrival, Bouna and his heavily armed Red Beret driver demanded that they be allowed to enter the compound as a VIP. When an Embassy guard refused to let the car pass, Bouna apparently became visibly angry and demanded that as a "Presidential Advisor," he be given special treatment. (Note: According to RSO, the guard was visibly scared after the altercation and feared retaliation by the Red Beret driver. END NOTE)

15. (C) During the meeting, Bouna was extremely supportive of the CNDD and optimistic about the prospects for his new diamond mine. According to Bouna, the contract was awarded to him by Dadis himself. He and one other prospective buyer were apparently invited by Dadis to discuss their bids., Reportedly Dadis said that whichever company was willing to pay salary arrears for the 130 unemployed workers would be awarded the concession. Bouna supposedly promised to pay nearly \$1.8 million USD to the formerly unemployed workers as well as hire them all to work on the site. As such, Dadis pronounced him the winner of the contract. (COMMENT: Bouna has a reputation as someone prone to exaggeration and self-promotion. END COMMENT)

16. (C) When asked about when diamond operations would commence, Bouna smiled and said that he was already exporting from his site. To prove it, Bouna pulled a large bag of cut and polished diamonds out of his suit coat pocket and spilled them out onto the table to show EconLES and EconOff. He said that he had pulled them from the site that very morning, and was heading to Camp Alpha Yaya with them that day. When EconOff inquired about how a diamond could be mined, cut, and polished in the same day in a country where there are few refining facilities, Bouna declared that his organization was sophisticated enough to make this happen.

17. (C) When asked about funding for his new mine, Bouna confessed that he doesn't presently have the capital available to finance mining operations. As such, he said that he was searching for loans from international banks and

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trying to create a board of shareholders. He said, at the moment, that he had no concrete plan for large-scale extraction or finance for new machinery. According to media reports, as well as Bouna,s statements, Batax paid a \$30 million USD fee to the government for the concession.

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DIAMOND MOGUL TO WELL-CONNECTED POLITICIAN  
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18. (C) Bouna went on to boast about his "extremely close personal relationship with the President" and said that he has become something of a presidential advisor to the junta leader. He said that he was heading over to Camp Alpha Yaya directly after the Embassy meeting to discuss the firing of several ministers with whom Dadis was displeased. When asked about how the concession process could be fair in light of Bouna,s close relationship with Dadis, Bouna said that Dadis is "incorruptible" and "wants to do only what is best for the country."

19. (C) He then asked why there weren't more American businesses operating in Guinea. He told EconOff that he was "tired of working with the Chinese." When EconOff explained that the commercial situation in Guinea is unstable due to corruption, mismanagement, ever-changing investment codes, and insecurity of negotiated contracts, Bouna acted surprised and scoffed. He told EconOff that he would discuss these problems with Dadis immediately and remedy the situation.

110. (C) Bouna told EconOff that Dadis has taken a great deal of interest in improving social and economic services. He said that anyone who speaks badly of Dadis and pushes for elections isn't listening to Guinea's population. "We (the CNDD) have the support of the entire country," he said. According to Bouna, the international community is imposing elections on Guinea which shouldn't have to happen this year. When asked if he would be running for President in the

upcoming election, Bouna smiled and laughed. "No one knows," he said, "let's get back to talking about business."

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COMMENT  
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¶11. (C) It is clear that Bouna did not get the diamond contract through a transparent bidding process. He also doesn't seem to have the money or a plan to build the diamond concession into a productive facility. The fact that Bouna was carrying diamonds with him that were likely not from his Aredor property, are indicative of a wider-scale regulation problem in Guinea's diamond industry.

¶12. (C) Both Bouna's outburst at the Embassy guard as well as his belief that he could just wave his hand to fix the economic situation in the country serve as examples of CNDD governance in general. Members of the CNDD continue to operate within networks of nepotism and influence peddling while failing to address the complex economic problems that plague the country's citizens. Having only attended primary school and having little experience outside of Guinea's corrupt business environment, Bouna thinks that problems can easily be solved through personal connections and elementary business solutions.

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